

[New York Times](#)

Given the history of shady dealings between banks and colleges, Congress needs to take a hard look at the increasingly common practice of schools contracting with banks to disburse financial aid dollars to students.

In 2008, Congress finally barred student lenders from offering schools kickbacks to steer student business their way. The next year, it required credit card companies marketing to young people — and often paying schools or alumni associations for access — to ensure that applicants had the means to pay before issuing cards.

Debit cards have received less federal oversight. And, according to a study by the United States Public Interest Research Group Education Fund, an advocacy organization, nearly 900 colleges and universities have card relationships with banks or other financial institutions, some of which manage student aid disbursements by turning student IDs into debit cards. Some schools save money by outsourcing administrative costs. Others receive payments from the banks.

Lawmakers are now pressing for answers about these practices. Citing the study, Senator Richard Durbin, a Democrat of Illinois, along with Senator Jack Reed, a Democrat of Rhode Island, and Representative Peter Welch, a Democrat of Vermont, sent letters to 15 financial institutions asking each to provide information on campus card fees.

Senator Durbin and Representative George Miller, a Democrat of California, have asked the inspector general of the Department of Education to determine whether the arrangements hurt students or violate federal regulations. They criticized the banks for what they described as "aggressive and misleading marketing" to students and for charging hidden fees that could lead students to quickly deplete their aid accounts.

The study pointed to some fees charged by the biggest player in the field, Higher One, which has contracts with 520 campuses. Student account holders are charged \$29 the first time they overdraw and \$38 after that, 50 cents for making a debit card purchase with a PIN and \$2.50 for using another bank's A.T.M. to withdraw cash.

According to the study, some students mistakenly believe that they must keep their aid with the issuing bank. Others, it says, have to wait longer for funds if they want them disbursed through their own banks.

It says that some of the banking arrangements might well benefit students, but it decries a lack of transparency in the contracts between colleges and the banks.

Unfortunately, high banking fees are a fact of life these days for all consumers. But school administrators should be doing more to protect students. Before they cut a deal with any bank — for campus access of any type — lower fees for students should be on the top of their list of requirements. If the colleges can't or won't protect students, the regulators and Congress will have to, once again, step in.